

VZCZCXYZ0007
OO RUEHWEB

DE RUEHKT #2897 3560928
ZNR UUUUU ZZH
O 220928Z DEC 05
FM AMEMBASSY KATHMANDU
TO RUEHC/SECSTATE WASHDC IMMEDIATE 9627
INFO RUEHB/AMEMBASSY BEIJING PRIORITY 3777
RUEHLM/AMEMBASSY COLOMBO PRIORITY 4027
RUEHKA/AMEMBASSY DHAKA PRIORITY 9075
RUEHIL/AMEMBASSY ISLAMABAD PRIORITY 1999
RUEHNE/AMEMBASSY NEW DELHI PRIORITY 8949
RUCPDOC/DEPT OF COMMERCE WASHINGTON DC PRIORITY

UNCLAS KATHMANDU 002897

SIPDIS

SENSITIVE
SIPDIS

DEPT FOR SA/INS, EB

E.O. 12958: N/A

TAGS: BEXP BTIO EINV ECON ENRG NP
SUBJECT: BUSINESS LEADERS TO STAFFDEL: NEPAL IS OPEN FOR
BUSINESS

BUSINESS LEADERS UPBEAT ABOUT BUSINESS IN NEPAL

¶11. (SBU) At a December 21 breakfast meeting with congressional Staffdel, six Nepali business leaders said that Nepal was "open for business." The business leaders explained to the Staffdel how the Maoist insurgency and the current instability of His Majesty's Government of Nepal (HMGN) were hindrances to Nepal being more attractive to foreign investment. The business leaders expressed the desire for peace and stability in Nepal, which was better for business, and most of the group said they felt the King was most capable of creating a more stable Nepal. The business leaders noted that they were upbeat about the potential for future foreign investment in Nepal. Sandip Shah, the Manager of the Bhote Koshi hydropower project for the Panda Group, currently the largest U.S. investment in Nepal, was less positive. The Panda Group is planning to sell its investment in the project to a Nepali company due to difficulties Panda Group has experienced conducting business here.

BUSINESS GROUP ALSO POSITIVE ON TOURISM DESPITE INSURGENCY

¶12. (SBU) The business leaders stated that tourism has been doing well in Nepal over the last few years, that the upward trend in tourism in the late nineteen-nineties had leveled off, and that the last several months during the Maoist cease-fire have seen increased tourist arrivals. One business leader opined that the U.S. travel warning had scared off many tourists. The business leaders declared that the Maoists were terrorists, but said they did not target Western tourists and were only active in collecting trekking fees (or "donations" to the Maoist cause) from tourists in certain areas. Emboff noted that paying Maoists extortion was against U.S. law. The business leaders were upbeat that tourism would continue to rise.

COMMENT

¶13. (SBU) After the meeting, Staffdel noted the business leaders seemed to be putting a very positive spin on foreign investment and tourism, when the reality was not as good. Post does not believe that tourism and foreign investment will see major gains until more durable solutions to the political instability and Maoist insurgency are achieved.

¶4. (SBU) Staffdel List:

-- J. Matthew Szymanski, Chief of Staff, House Small Business Committee
-- Christopher Szymanski, Staff Assistant, House Small Business Committee
-- Dawn Petchell, Senior Policy Adviser, Bureau of Legislative Affairs (H Bureau)
-- James Garrison, Lieutenant Colonel, U.S. Army House Liaison

¶5. (SBU) Nepali Business Leaders List:

-- Sunil Shakya, President, Nepal-USA Chamber of Commerce and Industry
-- Prasiddha Bahadur Pandey, Managing Director, Shangri La Hotel and Resort
-- Narendra Basnyat, Chairman, Himalayan Distillery Limited
-- Moti Lal Dugar, Vice Chairman, TM Dugar Group
-- Sandip Shah, General Manager, Bhote Koshi Power Company, Panda Group
-- Ravi Bhakta Shrestha, Vice-Chairman, N.E. Group

¶6. (SBU) Staffdel Szymanski cleared this message.

MILLARD